

Appendix of Terms¹

'07 Action: Case No. 07 CV 2898 in the Northern District of Illinois, the action filed by the NCCI as the attorney-in-fact for the members of the NWCRP. The NCCI's complaint was dismissed for lack of standing. Subsequent to the filing of the '09 Action and dismissal of the NCCI's complaint in the '07 Action, AIG filed an amended complaint in which it alleged claims against the Pool, the NCCI, nineteen insurance companies that have served on the Pool Board, and Sentry, a non-Pool Board member company.

'09 Action: Case No. 09 CV 2026 in the Northern District of Illinois, the class action filed by Safeco and Ohio Casualty.

1st Snider Declaration (or 1st Snider Decl.): The declaration of Rowe Snider filed on January 28, 2011.

2d Elden Declaration (or 2d Elden Decl.): The declaration of Gary Elden filed on January 9, 2011.

2d Snider Declaration (or 2d Snider Decl.): The declaration of Rowe Snider filed on February 25, 2011.

3d Elden Declaration (or 3d Elden Decl.): The declaration of Gary Elden filed on April 28, 2011.

5110 Database: The AIG electronic database containing premium and loss information at a policy level. AIG has represented that the 5110 database included data that fed its premium reporting to the NCCI.

AIG: American International Group, Inc. and those of its present and former subsidiaries and affiliates who are parties to the '09 Action.

AIG Multistate Examination (or Multistate Examination): The examination, initiated in January 2008 and conducted by David Leslie, into AIG's workers compensation underreporting for the purpose of determining whether AIG had underpaid taxes and assessments.

AIG Supplemental Memorandum (or AIG Supp. Mem.): "AIG's Supplemental Submission in Support of Motion for Class Certification and Preliminary Approval of Class Action Settlement" filed on February 25, 2011.

AIG Supplemental Statement (or AIG Supp. Stmt.): "AIG's Supplemental Statement Reserving Rights Regarding Settlement Class Plaintiffs" and AIG's Joint Motion for

¹ Several terms in this Appendix are defined by reference to other terms elsewhere defined in this Appendix.

Class Certification and Preliminary Approval of Class Action Settlement” filed January 31, 2011.

Alleged Underreporters (or AURs): The companies which AIG has alleged underreported workers compensation insurance, which include Travelers Indemnity Company (Travelers), The Hartford Financial Services Group, Inc. (Hartford), ACE INA Holdings, Inc. (ACE), Liberty Mutual Insurance Company (Liberty) and Sentry Insurance Group (Sentry).

Appel: David Appel, a principal and director at Milliman; actuarial consultant for AIG.

Appel Declaration (or Appel Decl.): The declaration of David Appel filed on February 25, 2011.

Barnett: Arnold Barnett, professor at the Massachusetts Institute of Technology; statistical consultant to Original Class Plaintiffs.

Barnett Declaration (or Barnett Decl.): The declaration of Arnold Barnett filed on April 28, 2011.

Bloss: Steven Bloss, Vice President of Marketing and Underwriting of Companion Property & Casualty Ins. Co. (Companion); represents Companion on the NWCRP Board.

Bloss Declaration (or Bloss Decl.): The declaration of Steven Bloss filed on February 25, 2011.

Butler Rubin Salterelli & Boyd LLP (or Butler Rubin): Counsel for Liberty.

Carlinsky: Michael Carlinsky of Quinn Emanuel Urquhart & Sullivan, LLP, counsel to AIG.

Contract File: The documents expected to be produced for every AIG contract selected for sampling, as defined in the Sampling Plan, pp. 10-11.

Cohen: Jeffrey Cohen, Managing Principal at Analysis Group; financial and data management consultant to Original Class Plaintiffs.

Cohen Declaration (or Cohen Decl.): The declaration of Jeffrey Cohen filed on April 28, 2011.

Defendant Intervenor: The proposed representatives of the class that intervened in this action in January 2011, and who are defendants in the ‘07 Action: ACE, Companion, Hartford, and Travelers.

Divisions 50 and 55 (or Divisions 50 and 55/51): The two AIG divisions that were examined in the NY Examination and by David Leslie for workers compensation premium underreporting. Division 51 was merged into Division 55. These two divisions have been the primary focus of examination by the Original Class Plaintiffs, but Original Class Plaintiffs have also sought discovery into other AIG divisions.

Driscoll: Thomas Driscoll, Senior Vice President of Involuntary Market Services at Liberty; represents Liberty on the NWCRP Board.

Driscoll Declaration (or Driscoll Decl.): The declaration of Thomas Driscoll filed on April 28, 2011.

Elden: Gary Elden, attorney at Grippo & Elden LLC, one of the two firms representing the Original Class Plaintiffs. Grippo & Elden and co-counsel Nutter McClennen & Fish LLP seek to be appointed as class counsel.

Examiner-In-Charge (or Examiner or Leslie): David Leslie, the attorney who was appointed by the insurance regulators of the Lead States of the NAIC to conduct the AIG Multistate Examination. Leslie is an attorney at the Boston law firm of Rackemann, Sawyer & Brewster, P.C.

Goldberg Kohn Ltd (or Goldberg or GK): The firm representing the Intervenors. Golberg Kohn seeks to be appointed as class counsel.

Grippo & Elden LLP (or Grippo): One of the two firms representing the Original Class Plaintiffs. Grippo & Elden and co-counsel Nutter McClennen & Fish LLP seek to be appointed as class counsel.

Guaranteed Cost Policies: Policies in which premium is fixed at inception and is not based upon insured's loss experience.

Hale: Jonathan Hale, Vice President and Actuary for Travelers; represents Travelers on the NWCRP Board.

Hale Declaration (or Hale Decl.): The declaration of Jonathan Hale filed on February 25, 2011.

Harrington: Scott Harrington, professor at the Wharton School, University of Pennsylvania; damages consultant to Original Class Plaintiffs.

Harrington Declaration (or Harrington Decl.): The declaration of Scott Harrington filed on April 28, 2011.

Hinnov: Mikk Hinnov, former Chief Compliance Officer of AIG Risk Management; wrote memos and communications detailing AIG's underreporting practices.

Intervenors: The companies that intervened in the '09 Action in January 2011: ACE, Auto-Owners Insurance Co. (Auto-Owners), Companion, FirstComp Insurance Co. (FirstComp), Hartford, Technology Insurance Co. (Technology), and Travelers. Intervenors are represented by Frederic Klein of Goldberg Kohn Ltd.

Intervenors' and AIG's Joint Motion: "Settlement Class Plaintiffs' and AIG's Joint Motion for Class Certification and Preliminary Approval of Class Action Settlement" filed on January 28, 2011.

Intervenors' First Memorandum (or Intervenors' First Mem.): "Settlement Class Plaintiffs' Memorandum of Law in Support of Joint Motion for Class Certification and Preliminary Approval of Class Action Settlement" filed on January 28, 2011.

Intervenors' Supplemental Memorandum (or Intervenors' Supp. Mem.): "Settlement Class Plaintiffs' Supplemental Memorandum of Law in Support of Joint Motion for Class Certification and Preliminary Approval of Class Action Settlement" filed on February 25, 2011.

Jacobs: Henry Jacobs, Assistant Vice President for ACE; previously represented Harleysville Mutual Insurance Co. and currently represents ACE on the NWCRP Board.

Jacobs Declaration (or Jacobs Decl.): The declaration of Henry Jacobs filed on February 25, 2011.

Jenkins: Douglas Jenkins, Vice President and General Counsel of Ohio Casualty.

Jenkins Declaration (or Jenkins Decl.): The declaration of Douglas Jenkins filed on April 28, 2011.

Joye: Michael Joye, former General Counsel of AIG; wrote memos and communications detailing AIG's underreporting practices. Among the documents written by Joye was a memorandum dated January 31, 1992 addressed to AIG's senior management, detailing how AIG was engaged in illegal workers compensation reporting practices.

Juster: Rosemary Juster, Assistant General Counsel at Arrowood Indemnity Company, a Participating Company.

Juster Declaration (or Juster Decl.): The declaration of Rosemary Juster filed on February 25, 2011.

Kadane: Dr. Joseph Kadane, the court-appointed statistical expert; developed the Sampling Plan in connection with the parties. Dr. Kadane continues to work with the parties and the court to address and resolve sampling-related matters and to develop a sampling plan for Other Divisions.

Klein: Frederic Klein, attorney at Goldberg Kohn Ltd, the firm representing the Intervenor. Golberg Kohn seeks to be appointed as class counsel.

Klein Declaration (or Klein Decl.): The declaration of Frederic Klein filed on January 28, 2011.

Kondoleon: Andrew Kondoleon, consultant in NCCI's Residual Market Accounting Department, Finance Division; prepared, along with others at NCCI under his supervision, the Plan of Allocation.

Kondoleon Declaration (or Kondoleon Decl.): The declaration of Andrew Kondoleon filed on February 25, 2011.

Lead States (or Lead Regulators): The insurance regulators of the states that have taken the lead in the AIG Multistate Examination. The Lead States are Delaware, Florida, Indiana, Massachusetts, Minnesota, New York, Pennsylvania and Rhode Island.

Legacy Period: 1985 to 1996, the period of time that the Examiner and Merlino examined and considered in their analysis of AIG's underreporting.

Leslie Declaration (or Leslie Decl.): The declaration of David Leslie filed on February 25, 2011.

Letak: Steven Letak, Chief Financial Officer for FirstComp; represents FirstComp on the NWCRP Board and has been Chairman of the NWCRP Board since June 23, 2010.

Letak Declaration (or Letak Decl.): The declaration of Steven Letak filed on February 25, 2011.

Locke, Lord Bissell & Liddell LLP (or LLBL): Counsel for the NWCRP Board and NCCI as attorney-in-fact for the members of the NWCRP. Rowe W. Snider is one of the LLBL attorneys who represent the NWCRP Board and NCCI.

Machecek: Robert Machecek, Chairman of the New Mexico Workers Compensation Assigned Risk Pool.

Machecek Declaration (or Machecek Decl.): The declaration of Robert Machecek filed on February 25, 2011.

Malphurs: William Malphurs, Vice President of AmTrust North America, Inc.; represents Technology Insurance on the NWCRP Board.

Malphurs Declaration (or Malphurs Decl.): The declaration of William Malphurs filed on February 25, 2011.

Merlino (or Merlinos): Matthew Merlino and/or his consulting company of Merlinos & Associates, the actuarial consultants working for David Leslie.

Merlino Declaration (or Merlino Decl.): The declaration of Matthew Merlino filed on February 25, 2011.

Milliman: The actuarial consultants for AIG who participated in the Multistate Examination. Milliman also participated in the NY Examination. David Appel is a principal and director at Milliman.

National Workers Compensation Reinsurance Pool (or NWCRP or the Pool): The arrangement between Participating Companies that includes a mechanism for equitably apportioning the premium, losses and expenses arising from residual, or assigned risk, workers compensation insurance market in accordance with each Participant's share of the corresponding voluntary insurance market.

National Workers Compensation Reinsurance Pool Articles of Agreement (or NWCRP Articles): The written contract between the Participating Companies in the NWCRP, which obligates each company to share in the premium, losses and expenses arising from the residual workers compensation insurance market in accordance with each Participant's share of the corresponding voluntary insurance market.

National Workers Compensation Reinsurance Pool Board of Governors (or NWCRP Board or the Pool Board): The board of the NWCRP, which is made up of representatives of NWCRP Participating Companies. AIG has alleged claims against individual Pool Board members.

National Council on Compensation Insurance, Inc. (or NCCI): The company which serves as the administrator for the NWCRP and NWCARP. The NCCI brought the '07 Action against AIG for underreporting as attorney-in-fact for the NWCRP participating companies. That action was dismissed for lack of standing.

National Association of Insurance Commissioners (or NAIC): The voluntary association of various states' chief insurance regulatory officials.

New Mexico Workers Compensation Assigned Risk Pool (or NMWCARP): The arrangement between contracting companies that includes a mechanism for equitably apportioning the premium, losses and expenses arising from residual, or assigned risk, workers compensation insurance market in New Mexico accordance with each Participant's share of the corresponding voluntary insurance market.

New York Attorney General (NYAG): The government agency which, in connection with the New York Department of Insurance, conducted the 2005 NYAG Investigation.

New York Authorities: The New York Attorney General and New York Department of Insurance, both of whom investigated AIG's misreporting of workers compensation

premiums in 2005 for the purpose of determining whether AIG had underpaid taxes and assessments.

New York Department of Insurance (NY DOI): The government agency which, in connection with the NYAG, conducted the 2005 NYAG Investigation.

New York Settlement Agreement (or NY Settlement or NY Agreement): The 2006 settlement between AIG and the New York Authorities as a result of the NYAG Investigation, which led to the establishment of a \$300 million Workers Compensation Fund.

Non-Defendant Intervenors: The proposed representatives of the class that intervened in the '09 Action in January 2011, and who are not defendants in the '07 Action: Auto-Owners, FirstComp, and Technology.

Nutter McClennen & Fish LLP (or Nutter): One of the two firms representing the Original Class Plaintiffs. Nutter McClennen & Fish LLP and co-counsel Grippio & Elden LLC seek to be appointed as class counsel.

NYAG Investigation (or NY Examination): The 2005 investigation by the New York Authorities into AIG's misreporting of workers compensation premiums for the purpose of determining whether AIG had underpaid taxes and assessments.

Ohio Casualty Insurance Company (or Ohio Casualty): One of the two Original Class Plaintiffs. The other is Safeco.

Original Class Plaintiffs (or Original Class): The plaintiffs who initiated this class action in 2009, Safeco and Ohio Casualty. Original Class Plaintiffs are represented by Nutter McClennen & Fish LLP and Grippio & Elden LLC.

Original Class Plaintiffs' Motion to Strike: "Original Class Plaintiffs' Motion to Strike Opinions in Twelve Declarations" and "Memorandum Supporting Original Class Plaintiffs' Motion to Strike Opinions in Twelve Declarations" filed on April 28, 2011.

Other Divisions: AIG divisions other than Divisions 50 and 55. The NY Examination and David Leslie did not examine workers compensation premium underreporting in Other Divisions. Original Class Plaintiffs have conducted discovery into Other Divisions and have sought to sample Other Divisions.

Page 14s: The portion of the annually filed statements to the states, also filed with the NCCI, which indicates companies' direct written premium in the voluntary workers compensation market.

Participating Companies (or PCs): Companies which are members of the NWCRP and/or the NMWCARP.

Pilot Sample: The initial sample of contracts gathered from AIG Division 55, which was used to develop the Sampling Plan.

Plan of Allocation (or POA): The Intervenor's proposed method for distribution of the \$450 million settlement.

Premium Reallocation Methodology (or Reallocation Methodology): The methodology used by David Leslie to estimate AIG's underreporting in Divisions 50 and 55.

Proposed Settlement Agreement: The proposed settlement agreement sought by Intervenor, a copy of which is attached as Exhibit A to Settlement Class Plaintiffs' And AIG's Joint Motion for Class Certification And Preliminary Approval of Class Action Settlement.

Regulatory Settlement Agreement: The agreement reached by the Lead States and AIG on December 17, 2010 as a result of the AIG Multistate Examination, which requires AIG to pay the states \$146.5 million in fines, taxes, and assessments as a result of their underreporting practices.

Retrospective Policies: Workers compensation policies for which premiums are calculated each year based upon the loss experience of the insured.

Ryan: Kevin Ryan, Vice President and Principal at Bickerstaff, Whatley, Ryan & Burkhalter; workers compensation insurance consultant to Original Class Plaintiffs.

Ryan Declaration (or Ryan Decl.): The declaration of Kevin Ryan filed on April 28, 2011.

Safeco Insurance Company of America (or Safeco): One of the two Original Class Plaintiffs. The other is Ohio Casualty.

Sampling Plan: The court-approved plan for sampling contracts from AIG Divisions 50 and 55 to determine the amount of underreporting on workers compensation premium on policies issued between 1977 and 1996 in those divisions.

Schacht: James Schacht, current president of the Schacht Group, which advises clients on insurance and regulatory matters and former official in the Illinois Department of Insurance; insurance and regulatory consultant to Original Class Plaintiffs.

Schacht Declaration (or Schacht Decl.): The declaration of James Schacht filed on April 28, 2011.

Schiff Hardin LLP (or Schiff): Counsel for the NWCRP.

Schroeder, Kenneth: Senior Vice President of Auto-Owners Insurance Co.; represents Auto-Owners on the NWCRP Board.

Schroeder Declaration (or Schroeder Decl.): The declaration of Kenneth Schroeder filed on February 25, 2011.

Seder: Joseph E. Seder, manager at Davis & Hosfield Consulting, LLC; financial and damages consultant to Original Class Plaintiffs.

Seder Declaration (or Seder Decl.): The declaration of Joseph Seder filed on April 28, 2011.

Sitzer Declaration (or Sitzer Decl.): The declaration of Matthew Sitzer, Grippo attorney for Original Class Plaintiffs, filed on April 28, 2011.

Snider: Rowe Snider, attorney at LLBL; counsel for the NWCRP Board and NCCI as attorney-in-fact for the members of the NWCRP.

Treacy: Joseph Treacy, Assistant Vice President Workers Compensation Industry Affairs for Hartford; represents Hartford on the NWCRP Board.

Treacy Declaration (or Treacy Decl.): The declaration of Joseph Treacy filed on February 25, 2011.

Walsh: Michael Walsh, attorney at Nutter McClennen & Fish LLP, one of the two firms representing the Original Class Plaintiffs. Nutter McClennen & Fish LLP and co-counsel Grippo & Elden LLC seek to be appointed as class counsel.

Walsh Declaration (or Walsh Decl.): The declaration of Michael Walsh filed on April 28, 2011.

Whatley: Patrick Whatley, President and Principal at Bickerstaff, Whatley, Ryan & Burkhalter; workers compensation insurance consultant to Original Class Plaintiffs.

Whatley Declaration (or Whatley Decl.): The declaration of Patrick Whatley filed on April 28, 2011.

Workers Compensation Fund (or WCF or the Fund): The \$300 million fund created by the AIG for settlement of claims related to underreporting of workers compensation premium, as a result of the NYAG Investigation and New York Settlement Agreement.